

Headquarters U.S. Air Force

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Housing Privatization Process Overview



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HQ AFCEE/HDP

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Overview

- **Air Force Process Overview**
 - **Why Privatize?**
 - **Project Life Cycle**
 - **Organizational Roles and Relationships**
 - **Program Guidance**





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Air Force Housing Privatization Goal

Accelerate our ability to eliminate inadequate housing units and provide military families access to safe, quality, affordable, well-maintained housing in a community where they will **CHOOSE to live**



**Elmendorf Family
Housing**

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Why Privatize?

- **Approx 40% of Air Force families live on base**
- **106,000 housing units of which **65,000** are inadequate**
- **Cost to fix using MILCON: > \$7B**
- **Time to fix: 26 years
(based on current funding without privatization)**

Conclusion:

“Non-traditional approach to MEH revitalization is required”

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Requirements To Privatize

Privatization projects criteria

- **3:1 Leverage**
- **Max of 80% Gov Participation**
- **Government Loan < Private**
- **Privatization lifecycle < MILC**



**Wright-Patterson Family
Housing**



**Lackland Family
Housing**

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Why Privatize Outcomes of Privatization

The Face of Privatization...

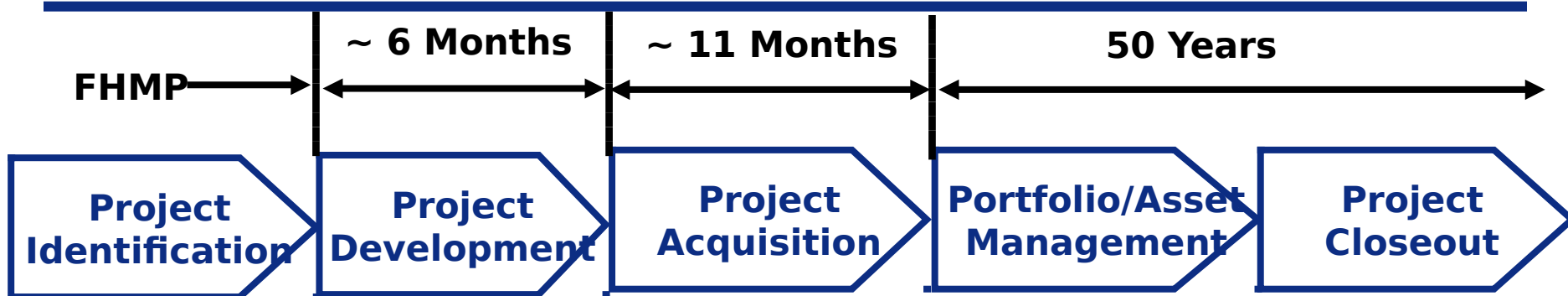
- **Air Force oversees but does not operate housing**
- **Housing O&M by private developer, not Air Force**
 - **A military community with a private landlord**
 - **Residents' requests answered by developer**
- **Service members are not assigned, but referred**
- **Service members pay Rent = BAH - 110% utilities**
- **“Commander’s Rights Not Impaired”**



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Project Life Cycle

Housing Privatization Phases



<u>Description</u>	<u>Description</u>	<u>Description</u>	<u>Description</u>	<u>Description</u>
Initial Concept Development	Define Project Requirements	Project Solicitation and Evaluation	Oversight of Privatized Housing	End of Privatization deal
<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>
Family Housing Master Plan Pre-Sight Orientation	Concept Development Environmental Analysis RFP Development	Industry Forum Evaluate and Select Developer Close Deal Transition Assets	Construction Oversight Financial Planning Budgeting	Disposition of Assets

Management

Review

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Committee



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Organizational Roles and Relationships Congress/DoD

Congress

- **Primary Oversight through MILCON subcommittees to the Senate Appropriations, Senate Armed Services, House Appropriations, and House Armed Services Committees**

DUSD (I&E)

- **Deputy Undersecretary of Defense for Installations and Environment approves all project concepts and reviews all solicitation documents and contracts executed**



Organizational Roles and Relationships Executive Steering Group

- **Project oversight and guidance**
- **Headquarters Air Force Level membersip**
 - **ESG Chair: SAF/IEI Deputy Assistant Secretary of the AF (Installations) - *Mr. Fred Kuhn***
 - **AF/ILE**
 - **SAF/AQC - Contracting**
 - **SAF/FMB&FMC - Budgeting/Cost Estimating**
 - **SAF/GCN - Legal Issues**
 - **AF/JA - Legal Issues**
- **Approves projects for submission to OSD**
- **Maintains consistency and accountability in the Air Force Privatization Program**



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Organizational Roles and Relationships Major Commands

- **Project owner**
- **Coordinates with the Installation and Air Force Housing Division (AF/ ILEH) on project scope and status**
- **Approves concept package and RFP**
- **Assigns individuals to the Project Development Team (PDT) and Acquisition Support Team (AST)**
 - **Serves as AST Co-chair**
- **Selection Authority**



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Organizational Roles and Relationships

Air Force Installation

- **Identifies housing deficiencies, current requirements, and planned scope of project**
- **Provides installation experts to serve on the PDT and AST**
- **Facilitates concept and RFP development by providing technical project requirements**
- **Hosts the Industry Forum**
- **Serves as the asset manager**
- **Co-Chairs the Management Review Committee**



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Organizational Roles and Relationships AFCEE

- **Execution agent**
- **Contracts consultants to support project development**
 - **Privatization Support Contractors**
 - **Environmental Analysis Consultants**
 - **Contract Base Project Managers**
 - **Metes and Bounds Contractor**
- **Serves on the PDT and the AST Co-chair**
- **Provides Legal and Contracting support and guidance to the Acquisition Support Team**
- **Primary Legal support for Project closing**
- **Air Force Portfolio Manager**



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Organizational Roles and Relationships Project Owner/Developer

- **Plans, designs, develops, renovates, demolishes, constructs, owns, operates, maintains, and manages all aspects of rental housing development throughout the 50-year agreement**
- **Co-chairs the Management Review Committee**





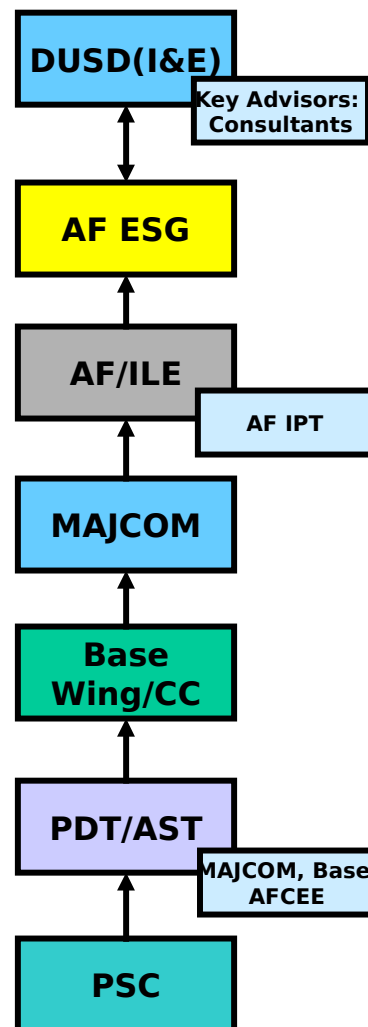
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Organizational Roles and Relationships

Approval Authorities

Housing Privatization Chain of Approval:

- Base
 - PDT
 - Wing Commander
- MAJCOM - Commander or Vice Commander
- HQ Air Force
 - AF/ILE
 - Executive Steering Group
- DUSD(I&E) - Deputy Under Secretary of Defense for Installations and Environment
- Congress - Final Approval





Formal Lines of Communication

Contracts/Support





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Program Guidance

Housing Privatization Documents

■ **Four Key Documents**

- **AFI 32-6007: Privatized Family Housing Management**
- **Draft Air Force Housing Policy and Guidance Manual**
- **Air Force Housing Privatization Execution Guide**
 - **http://www.afcee.brooks.af.mil/dc/dcp/news/download/AFHPGuide_Aug02__web.pdf**
- **Generic RFP**
 - **<http://www.afcee.brooks.af.mil/dc/dcp/news/download/rfp.pdf>**

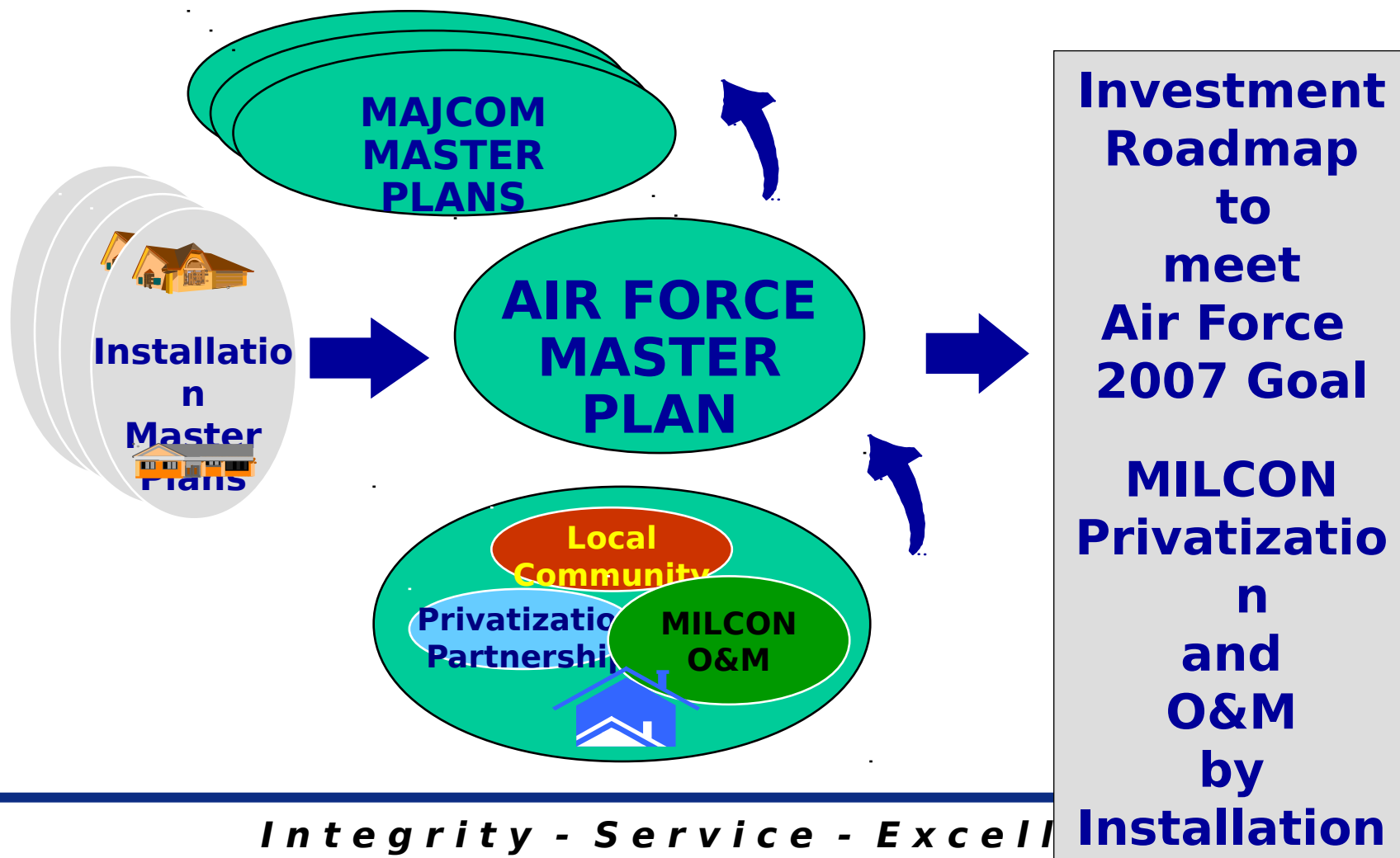


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Program Guidance

Planning Tools

Family Housing Master Plan





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Program Guidance

~~Master Plan Components~~

Installation Family Housing Master Plan

Privatiz.

HCP

RPM Model

**Prediction
O&M “Must Pays”**

Condition Assessment

Housing Requirements and Market Analysis



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Program Guidance

AFCEE Web Site

- **For more information connect to AFCEE's home page:**
 - <http://www.afcee.brooks.af.mil>
- **Click on the Housing Privatization link:**
 - <http://www.afcee.brooks.af.mil/dc/dcp/news>



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Back Up Slides



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Why Privatize

Program Directive

- **Use privatization as a tool to help revitalize MFH to meet FY00-05 Defense Planning Guidance (DPG)**
 - **Revitalize MFH requirements by FY10 using Military Construction (MILCON) and privatization**
 - **AF goal to award privatization projects by**
 - **FY07 for US Bases**
 - **FY08 for four northern tier bases**
 - **FY09 for overseas bases**
- **Reduce the housing deficit, where possible**



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Project Life Cycle

Project Schedule

Microsoft Project - Cannon AFB Project Schedule -30 Oct.mpp							
File Edit View Insert Format Tools Project Window Help							
No Group							
Arial 8 B I U All Tasks							
Prepare Forum Agenda							
	OPR		* Task Name	Duration	Start	Finish	Predecessors
141			Phase III - PROJECT ACQUISITION	348 days	Tue 2/4/03	Thu 6/3/04	
142	AFCEE		Assign AST members and Issues Letters of Appointment	5 days	Mon 2/17/03	Fri 2/21/03	139
143	PKOA		Conduct Initial AST Training	1 day	Mon 2/24/03	Mon 2/24/03	142
144	AFCEE		Compile Project Definition Documents	1 day	Tue 2/25/03	Tue 2/25/03	143
145	AFCEE		- Environmental Assessment	1 day	Tue 2/25/03	Tue 2/25/03	59
146	AFCEE		- Environmental Baseline Survey	1 day	Tue 2/25/03	Tue 2/25/03	60
147	AFCEE		- Land Survey (Metes & Bounds)	1 day	Tue 2/25/03	Tue 2/25/03	61
148	AFCEE		- Land Appraisal (if required)	1 day	Tue 2/25/03	Tue 2/25/03	62
149	AFCEE		- Facility Condition Assessment (if required)	1 day	Tue 2/25/03	Tue 2/25/03	
150	ILEH		Prepare Congressional Notification Package	3 days	Tue 2/4/03	Thu 2/6/03	137
151	ILEH		Submit Congressional Notification Package	1 day	Wed 2/19/03	Wed 2/19/03	135
152			Congressional Solicitation Notification Period	60 edays	Mon 2/24/03	Fri 4/25/03	151FS+3 days
153	PSC		Conduct Industry Forum	32 days	Wed 2/19/03	Thu 4/3/03	135
154	AFCEE		Advise ILEH to Informally Notify Congress of Industry Forum	1 day	Tue 2/25/03	Tue 2/25/03	152FS-60 edays
155	ILEH		Informal Notification to Congress	1 day	Mon 3/3/03	Mon 3/3/03	154FS+3 days
156	PSC		Develop Industry Forum Handouts	17 days	Wed 2/19/03	Thu 3/13/03	
157	PSC		Develop Draft Handouts	10 days	Wed 2/19/03	Tue 3/4/03	135
158	PSC		Submit Handouts for Air Force Review	1 day	Wed 3/5/03	Wed 3/5/03	157
159	PDT		PDT Review of Draft Handouts	5 days	Thu 3/6/03	Wed 3/12/03	158
160	PSC		Finalize and Produce Handouts	1 day	Thu 3/13/03	Thu 3/13/03	159
161	PSC		Prepare Advertisements for Industry Forum	10 days	Wed 2/26/03	Tue 3/11/03	154
162	PSC		Advertise Industry Forum	2 days	Fri 3/7/03	Mon 3/10/03	155FS+3 edays
163	PSC		Article in installation paper	2 days	Fri 3/7/03	Mon 3/10/03	
164	PSC		Invitation to local community leaders	2 days	Fri 3/7/03	Mon 3/10/03	
165	PSC		E-mail/Letter to Target Firms from Previous Bidder Lists	2 days	Fri 3/7/03	Mon 3/10/03	
166	PSC		Article in national industry journals	2 days	Fri 3/7/03	Mon 3/10/03	
167	PSC		Notice in CBD	2 days	Fri 3/7/03	Mon 3/10/03	
168	PSC		Pre-registration	2 days	Fri 3/7/03	Mon 3/10/03	
169	PSC		Arrange Base Logistics	10 days	Fri 3/7/03	Thu 3/20/03	155FS+3 edays
170	PSC		Prepare Forum Agenda	1 day	Fri 3/7/03	Fri 3/7/03	

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